



IRISH LIFE INVESTMENT MANAGERS (ILIM)

The week that was – WEEK 43 (ending 23/10/2015)

“What lies behind us and what lies before us are tiny matters compared to what lies within us.”
– Henry S Haskins

Large rise in Irish retail sales – Figures published by Retail Excellence Ireland show sales in the three months to the end of September across 4,000 stores in Ireland topped €3.3bn, 5.5% more than in the same period last year whereas grocery sales fell by just under 0.5% because of strong competition in the sector.

ECB stands ready to extend QE package – Stock markets rose and the euro fell as Mario Draghi of the European Central Bank said they are positioned to expand the €1.1 trillion asset-purchase scheme and cut the deposit rate in December if the slowdown in emerging markets threaten the economic recovery in eurozone.

China cuts interest rates for the sixth time in less than a year – Global stock markets rallied as the People’s Bank of China (PBOC) lowered both the one-year benchmark bank lending rate and the one-year benchmark deposit rate by 0.25%. The reserve requirement ratio (RRR) was also cut by 0.5% for all banks.

U.S. housing and jobs data point to better domestic economy – The National Association of Realtors said existing home sales increased 4.7% in September and new applications for unemployment benefits hovered around 42-year lows, pointing at better domestic fundamentals even as the global economy falters.

BoE Chief makes positive noises on EU membership – The Bank of England governor Mark Carney upset some EU sceptics when he delivered an upbeat assessment of Britain’s EU membership in a speech where he said that European Union membership had made Britain’s economy more open, dynamic and competitive.

Japan export growth slowdown – Ministry of Finance data in Japan showed exports rose just 0.6% in the year to September, compared to August’s figure of 3.1% and well below the 3.4% gain expected by economists in a Reuters poll. Reduced sales in China raised fears that the economy may slip into recession.

The Story of the week: An avant-garde art exhibition at a museum in Italy ended up in the bin after it was thrown away by overzealous cleaners who decided that it must be rubbish. The exhibition consisted of cigarette butts, empty bottles, confetti and discarded shoes, supposed to represent the hedonism and political corruption of the 1980s.

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Index Performances and Market Data*

| Equity Markets % (in Local Currency) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD (to 23/10) |
|---|-------------|-------------|-------------|-------------|-------------|----------------------------|
| ISEQ Overall Return | -0.1 | 2.6 | 20.5 | 35.8 | 16.8 | 25.6 |
| FTSE 100 TR | 12.6 | -2.2 | 10.0 | 18.7 | 0.7 | 1.3 |
| Euro Stoxx 50 TR | -2.8 | -14.1 | 18.1 | 21.5 | 4.0 | 11.3 |
| S&P 500 TR | 15.1 | 2.1 | 16.0 | 32.4 | 13.7 | 2.5 |
| Nasdaq Composite | 16.9 | -1.8 | 15.9 | 38.3 | 13.4 | 6.2 |
| Nikkei 225 | -3.0 | -17.3 | 22.9 | 56.7 | 7.1 | 7.9 |
| MSCI Emerging Markets | 11.7 | -14.9 | 13.9 | 0.9 | 2.6 | -2.4 |
| MSCI World | 7.8 | -7.6 | 13.1 | 26.2 | 7.7 | 2.1 |
| Sovereign 10yr Bond Yields (%) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD |
| US | 3.3 | 1.9 | 1.7 | 3.0 | 2.2 | 2.0 |
| German | 3.0 | 1.8 | 1.4 | 1.9 | 0.5 | 0.5 |
| UK | 3.4 | 2.0 | 1.9 | 3.0 | 1.9 | 1.8 |
| Japan | 1.1 | 1.0 | 0.7 | 0.7 | 0.3 | 0.3 |
| Ireland | 9.1 | 8.4 | 4.5 | 3.4 | 1.3 | 1.1 |
| Italy | 4.8 | 7.1 | 4.6 | 4.1 | 2.1 | 1.5 |
| Greece | 12.5 | 31.7 | 12.7 | 8.2 | 9.6 | 7.4 |
| Portugal | 6.6 | 13.4 | 6.9 | 6.1 | 2.7 | 2.4 |
| Spain | 5.5 | 5.1 | 5.4 | 4.1 | 1.6 | 1.6 |
| Central Bank Rates (%) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD |
| ECB | 1 | 1 | 0.75 | 0.25 | 0.05 | 0.05 |
| Bank of England | 0.5 | 0.5 | 0.5 | 0.25 | 0.50 | 0.50 |
| US Federal Reserve | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Foreign Exchange Rates | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD |
| Euro/Dollar (€/\$) | 1.34 | 1.30 | 1.31 | 1.37 | 1.21 | 1.11 |
| Euro/Sterling (€/£) | 0.86 | 0.83 | 0.81 | 0.83 | 0.78 | 0.72 |
| Sterling/Dollar (£/\$) | 1.56 | 1.55 | 1.61 | 1.65 | 1.56 | 1.53 |
| IPD All Property Return (%) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD |
| Ireland | -2.4 | -2.4 | 3.1 | 12.7 | 40.1 | 10.9 (Q 2) |
| UK | 14.5 | 8.1 | 2.7 | 10.7 | 17.8 | 6.5 (Q 2) |
| US | 14.8 | 14.5 | 5.3 | 11.4 | 11.2 | 7.2 (Q 2) |

*Past performance is not a reliable guide to future performance